

Affected Programs: BadgerCare Plus, Medicaid

To: Hospital Providers, Physician Clinics, Physicians, HMOs and Other Managed Care Programs

Outpatient and Inpatient Hospital Observation Policy

This *ForwardHealth Update* announces that the allowable length of outpatient and inpatient hospital observation will be up to 48 hours, effective for dates of service on and after May 1, 2015. It also clarifies other observation policy, including billing information.

Observation Policy

Effective for dates of service (DOS) on and after May 1, 2015, ForwardHealth will allow up to 48 hours of outpatient and inpatient hospital observation, regardless of whether the member is released without being admitted to the hospital or is subsequently admitted as an inpatient and counted in the midnight census.

If, after observation, a member is released without being admitted to the hospital, the outpatient hospital services provided during observation must be indicated as outpatient hospital services on an institutional claim. If, after observation, a member is subsequently admitted to the hospital and is counted in the midnight census, the outpatient hospital services provided during observation as well as the subsequent inpatient hospital services must be billed together on one institutional claim. In this case, the outpatient hospital services are not separately reimbursable. For further information, providers should refer to the Continuous Stay Policy topic (topic #8278) in the Covered Services and Requirements chapter of the Covered and Noncovered Services section of the Hospital, Inpatient service area of the ForwardHealth Online Handbook.

ForwardHealth will deny claims that indicate more than 48 hours of observation; however, providers may resubmit these claims with supporting documentation so that ForwardHealth can review the medical necessity of the extended observation. Providers should refer to the Observation Policy topic (topic #17677) in the Covered Services and Requirements chapter of the Covered and Noncovered Services section of the Hospital, Inpatient or Hospital, Outpatient service area of the Online Handbook for specific instructions on resubmitting denied claims.

Claim Instructions

As a reminder, providers are responsible for the truthfulness and accuracy of claims as stated in DHS 106.02(9)(e)1., Wis. Admin. Code. Claims submitted with incorrect or inaccurate information are subject to audit by the Department of Health Services and may result in recoupment.

Providers are encouraged to refer to the National UB-04 Uniform Billing Manual, prepared by the National Uniform Billing Committee, for comprehensive instructions on completing institutional claims for both outpatient and inpatient hospital services. For ForwardHealth-specific instructions on completing the UB-04 Claim Form, providers should refer to the Submission chapter of the Claims section of the Hospital, Inpatient or Hospital, Outpatient service area of the Online Handbook, as applicable.

Indicating Correct Dates

For institutional claims for both outpatient and inpatient hospital services, the “from” DOS is the date on which the member first received care. If observation was the first service provided, then the date observation began must be indicated as the “from” DOS. Additionally, the “to” DOS is the last date on which the member received care. This may be the date that the member was released without being admitted to the hospital or the date that the member, who was admitted as an inpatient, was discharged from the hospital.

For institutional claims for inpatient hospital services, the “admission” date is the date on which the member was admitted to the hospital as an inpatient and was counted in the midnight census. For additional information on indicating correct dates on institutional claims for inpatient hospital services, including an example, providers should refer to the Dates on Inpatient Claims topic (topic #17557) in the Submission chapter of the Claims section of the Hospital, Inpatient service area of the Online Handbook.

Indicating Observation Information

For institutional claims for both outpatient and inpatient hospital services, providers are required to indicate the following on the claim detail specifying observation:

- Revenue code 0762 (Specialty services — Observation hours).
- Number of hours that the member was under observation as the number of units.

Note: Revenue code 0762 is exempt from the requirement to indicate a corresponding Healthcare Common Procedure Coding System (HCPCS) or *Current Procedural Terminology* (CPT) procedure code on the claim detail; however, providers submitting institutional claims for outpatient hospital services are encouraged to indicate the corresponding HCPCS or CPT procedure code in order to be reimbursed appropriately under the Enhanced Ambulatory Patient Groups (EAPG) system. Claim details that indicate revenue code 0762 without a corresponding

HCPCS or CPT procedure code will receive a 999 (Unassigned) EAPG and will be reimbursed \$0.

Information Regarding Managed Care Organizations

This *ForwardHealth Update* contains fee-for-service policy and applies to services members receive on a fee-for-service basis only. For managed care policy, contact the appropriate managed care organization. Managed care organizations are required to provide at least the same benefits as those provided under fee-for-service arrangements.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin AIDS Drug Assistance Program and the Wisconsin Well Woman Program are administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

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This *ForwardHealth Update* was issued on 03/26/2015, and information contained in this *Update* was incorporated into the Online Handbook on 05/04/2015.